DELEGATION ORDER

Retrainee - Job Creation
Training Proposal for:
Medical Illumination International, Inc.

Small Business
ET17-0365

Approval Date: December 15, 2016
ETP Regional Office: North Hollywood Analyst: M. Niquet

CONTRACTOR

- Type of Industry: Manufacturing
  
  Priority Industry: ☑ Yes ☐ No

- Number of Full-Time Employees
  
  California: 60
  Worldwide: 60
  Number to be trained: 43
  
  Owner ☑ Yes ☐ No

- Out-of-State Competition: NAICS Code Eligible
- Special Employment Training (SET): ☐ Yes ☑ No
- High Unemployment Area (HUA): ☐ Yes ☑ No
- Turnover Rate: 18%
- Repeat Contractor: ☐ Yes ☑ No

FUNDING

- Requested Amount: $49,972
- In-Kind Contribution: $51,652
## TRAINING PLAN TABLE

<table>
<thead>
<tr>
<th>Job No.</th>
<th>Job Description</th>
<th>Type of Training</th>
<th>Estimated No. of Trainees</th>
<th>Range of Hours Class / Lab</th>
<th>Average Cost per Trainee</th>
<th>Post-Retention Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Retraining Priority Rate</td>
<td>Business Skills, Computer Skills, Continuous Improvement, Literacy Skills, Management Skills, Manufacturing Skills</td>
<td>40</td>
<td>8-120</td>
<td>$1,140</td>
<td>$16.48</td>
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<td></td>
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<tr>
<td>2</td>
<td>Retraining Priority Rate</td>
<td>Business Skills, Computer Skills, Continuous Improvement, Literacy Skills, Management Skills, Manufacturing Skills</td>
<td>3</td>
<td>8-120</td>
<td>$1,404</td>
<td><strong>$13.73</strong></td>
</tr>
</tbody>
</table>

*Weighted Avg: 33.33
Weighted Avg: 54

*It will be made a condition of contract that the trainees in this Job Number will never be paid less than the State or local minimum wage rate as in effect at the end of retention regardless of the wage expressed in this table. The highest minimum wage rate will prevail.

**Reimbursement Rate:** Job #’s 1 & 2: $26 SB Priority

**County(ies):** Los Angeles

**Occupations to be Trained:** Administrative Staff, Customer Service Staff, Engineering Staff, Managers/Supervisors, Owner, Production/Manufacturing Staff

**Union Representation:**
- [ ] Yes
- [x] No

**Health Benefits:** Job #’s 1 & 2: $3.22 per hour

### SUBCONTRACTORS

- **Development Services:** California Manufacturing Technology Consulting (CMTC) in Torrance assisted with development of this proposal. [Note: CMTC is eligible to receive 10% of the approved amount of funding for referrals such as this, under a marketing agreement with ETP, not to exceed $15,000. In this proposal, the fee will be $4,997.20. This fee does not affect the approved amount of funding.]

- **Administrative Services:** CMTC will provide administrative services for a fee not to exceed 13% of payment earned.

- **Training Vendors:** CMTC will provide training services. Cost of training to be determined.
OVERVIEW

Founded in 1978 and headquartered in San Fernando, Medical Illumination International, Inc. (MII) (www.medillim.com), manufactures medical lighting for human and veterinary medical fields. These products are available to veterinary and medical offices and facilities worldwide. Products include surgical lighting and video systems, surgical tables, equipment management systems, minor surgical and office based procedural lighting equipment, and examination lights. This will be MII’s first ETP agreement.

Need for Training

With the changing and expanding requirements in the medical devices industry, which include a Unique Device Identifier system for bar coding all medical devices worldwide and the change in the International Electrical Commission standards, manufacturing MII’s products require a high level of new workforce expertise and training. Meeting these quality standards is important for MII to continue doing business worldwide. Training will provide the Company with opportunities to bid on jobs that require FDA and international quality standards.

MII has also upgraded their Enterprise Resource Planning (ERP) to Quality System software to improve operations. Training in this area is critical to growth of the organization.

Retrainee - Job Creation

The Panel offers incentives to companies that commit to hiring new employees. Training for newly-hired employees will be reimbursed at a higher rate, and trainees will be subject to a lower post-retention wage.

MII recently closed down their Pennsylvania operations and moved the entire manufacturing function to California. As MII continues to grow, the Company is upgrading its systems to ensure employees can support the Company’s strategic growth plans.

As a result of Company growth and relocation to California, MII has committed to hiring 3 new employees (Job Number 2). The date-of-hire for all trainees will be within the three-month period before contract approval or within the term-of-contract. Trainees will be hired into “net new jobs” as a condition of contract.

Temporary to Permanent Hiring

MII will train 4 workers in Job Number 1, and 3 workers in Job Number 2, under Panel guidelines for the Temporary-to-Permanent program. The Company has retained these employees on a temporary basis, with the intention of hiring them into full-time, permanent positions after training. The average time for “converting” temporary workers into full-time permanent employment is 3 months. It is expected that these workers will receive employer-paid share-of-cost for healthcare premiums while on temporary status, and upon hire into full-time permanent employment.

Under Panel guidelines for the Temporary to Permanent program, these trainees must be eligible to participate in ETP-funded training pursuant to Unemployment Insurance Code Section 10201(c). Moreover, they cannot be enrolled as trainees until after they have been hired by MII into full-time, permanent employment. Until they are so hired, retention and post-retention wage requirements cannot be satisfied, and the Company will not receive progress payments.
Training Plan

Training will be provided at the San Fernando facility by a combination of in-house experts and vendors in the following:

**Business Skills:** Training will be offered to Customer Service, Manager, and select Production and Engineering Staff to provide skills to effectively interact with customers; better assess and meet customer expectations; manage priorities, and identify opportunities to increase sales.

**Literacy Skills:** Training will be offered to Production Staff that would benefit from Vocational English as a Second Language. Training will bridge the language barrier that impacts trainee job effectiveness and to provide them with the knowledge to better participate in other training that MII will make available to its workforce.

**Management Skills:** Training will be offered to Management staff, providing the skills necessary to move the Company’s strategic vision forward and manage teams.

**Computer Skills:** Training will be offered to all occupations to ensure that staff has the skills to effectively utilize the new ERP system and improve operational effectiveness. Staff will be offered training in CAD/CAM and Bar coding to ensure they possess the technical knowledge to fulfill their job duties and meet both customer and industry requirements. These trainings will ensure that staff has the knowledge to be most effective in their roles.

**Manufacturing Skills:** Training will be offered to Production and Management staff to provide technical knowledge, the ability to read blueprints & conduct operating functions. This training will meet industry requirements, including European and FDA requirements for medical devices.

**Continuous Improvement:** Training will be offered to all occupations to ensure employees can support the Company in its efforts to gain and/or sustain customer and industry-required quality certifications. This training will improve efficiencies and operations through the implementation of lean, problem solving, team building and related training.

**Modifications**

**Contract Term Limitation**

MII is requesting a 24-month agreement term. The additional 12 months facilitate rollout of their new ERP system to be completed in multiple cycles. As different elements of the system are customized and implemented, employees will receive training. Training will be conducted several weeks at a time, and then the focus will shift to customizing the next module over several weeks, followed by more training. This cycle will be repeated several times. While the ERP system is undergoing customization, MII will continue focus on other training needs. As such, training will be continuous over an 18 to 21-month period.

**Training Hours Limitation**

Key Administrative, Engineering, Production and Management Staff need up to 120 hours of training depending on their roles and responsibilities. These employees will become in-house experts. The Company will also develop ERP super users who will be MII’s knowledge base for the Company. The additional training hours will better equip these workers to implement quality and continuous improvement initiatives. Thus the Company is requesting a waiver to the maximum training hours’ requirement for Small Business, from 60 to 120 hours.
RECOMMENDATION

Staff recommends approval of this proposal.
Exhibit B: Menu Curriculum

Class/Lab Hours

8-120 Trainees may receive any of the following:

**BUSINESS SKILLS**
- Sales Skills
- Business Writing
- Conflict Management
- Effective Meeting Skills
- Financial Analysis Skills
- Goal Setting
- Negotiation Skills
- Presentation Skills
- Providing Quality Customer Service
- Time Management Skills
- Global Business and Exporting
- Innovation Engineering Management Systems
- New Product Development
- Technology Driven Market Intelligence

**COMPUTER SKILLS**
- Enterprise Resource Planning (ERP)
- Electronic Commerce and eBusiness
- Word Processing (Intermediate & Advanced Level) MS Office
- Spreadsheets (Intermediate & Advanced Level) MS Office
- Presentation Software
- Database Management
- CAD/CAM Software Training
- Bar-coding and FDA Requirement Training

**CONTINUOUS IMPROVEMENT**
- Teams and Team Building
- Problem Solving
- Communication Skills
- Leading Change
- Leadership Skills
- Lean Manufacturing
- Environmental Management System (EMS) Implementation
- Six Sigma
- Design of Experiments (DOE)
- Failure Mode and Effects Analysis (FMEA)
- Quality Function Deployment (QFD) and New Management & Planning Tools
- Improving Process Cycle Times
- Quality Management Systems
- Internal Auditor
- Quality Inspection
- Risk Management
• Supply Chain Optimization

**MANAGEMENT SKILLS (Managers and Supervisors Only)**
• Management/Supervisory Skills
• Strategic Planning and Policy Deployment

**MANUFACTURING SKILLS**
• Programmable Logic Controllers
• Soldering
• Blueprint Reading
• Shop Math and Geometric Dimensioning & Tolerancing
• CNC Programming & Operation
• Surface Mount Technology: Manufacturing & Rework
• Printed Wiring Board Repair
• Through Hole Technology: Rework and Repair
• Productions Skills
• FDA Good Manufacturing Practices (GMP)
• FDA Good Laboratory Practices (GLP)
• Small Batch Manufacturing
• Large Batch Manufacturing
• Biotech Research and Development
• Metrology
• Writing Standard Operating Procedures (SOPs)
• Biotechnology Design Control
• Product Submissions: Getting to Market
• Quality System Requirements, Good Manufacturing Practices & Inspections
• Medical Devices and the European Market
• Requirements for Device Safety
• Manufacturing Logistics Management
• Forklift Training and Certification

**LITERACY SKILLS**
• Vocational English as a Second Language (VESL)

Note: Reimbursement for retraining is capped at 120 total training hours per trainee, regardless of the method of delivery. Literacy skills training will not exceed 45% of the training.